

What Is Driving China?

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New Report Reveals Emerging Luxury Consumer Categories

Intense exposure to international brands amongst China's growing legion of luxury goods consumers has accelerated the emergence of distinct consumer types says a report just out from market information provider TNS. According to the report, titled "Evolving Luxury", which is based on findings from the company's 2008 annual survey of Chinese consumers, as levels of consumer sophistication increase, the driving force behind the middle classes' urge to splurge takes high spending shoppers in one of two clear directions - the need to express their individuality or the need to "experience".

In spite of the relative newness of most Chinese consumers' wealth and only recent knowledge of designer names, the proliferation of luxury labels available in China and increased frequency of overseas travel have seen tastes and preferences crystallise over the last two years to a point of definition that should have retailers rubbing their hands.

Of the four consumer segments to emerge, the largest by far comprises those who simply want to own "bling" for the perceived status it affords them. For men in this category, the motivation to spend comes from the need to fit into particular social circles whereas women are driven by the self-confidence associated with luxury brand ownership. At the opposite end of the conformity spectrum is a small but growing group of trend setters driven by the need to express their individuality. Using fashion to reflect their personality, trend-setters look to buy new, niche and less established labels which they then combine with the classics.

But it is midway between these extremes of self expression, where consumers are less preoccupied with what their luxury purchases say to others than what they say to themselves, that represents the greatest opportunity for marketers.

Having moved beyond the need to own luxury items, experienced consumers of luxury goods are increasingly looking to experience luxury. More evident amongst women than men, dropping dollars in pursuit of pampering or rewarding themselves - because they're worth it - is a markedly clear trend. For men on the other hand, to experience luxury is to acquire those finer things that embody the taste and discernment of the connoisseur.

Says Sandy Chen, Research Director TNS Shanghai, "The motivations that underlie consumption of luxury goods in China are diverging, but the essential qualities sought by consumers in the actual products they purchase are undisputed. High standards of workmanship, durability and good after-sales service are prerequisites for high spending Chinese shoppers; the days of the wealthy but naïve customer have passed."